

§ 1951.502

7 CFR Ch. XVIII (1-1-05 Edition)

(2) All MFH loan recipients converting from the Daily Interest Accrual System (DIAS) to PASS according to § 1951.517 of this subpart, except:

(i) Seasonal LH and LH loans to individual farmers may be closed on monthly or annual payment schedules and also may be closed on Daily Interest Accrual under subpart A of part 1951 of this chapter. Instructions for scheduling payments are according to the Forms Manual Insert (FMI) for Form FmHA or its successor agency under Public Law 103-354 1944-52, "Multiple Family Housing Promissory Note."

(ii) Rural Housing Site (RHS) loans and Site Option (SO) loans will be closed and serviced on Daily Interest Accrual under subpart A of part 1951 of this chapter. Payment billings are subject to § 1951.506 of this subpart.

(b) All MFH loan recipients not described in paragraph (a) of this section will continue to be subject to the servicing and collection requirements of subpart A of part 1951 of this chapter. For the purposes of this subpart, all references to "County Supervisor" in subpart A of part 1951 shall be construed to mean "District Director."

(c) All FmHA or its successor agency under Public Law 103-354 MFH loans (RRH, RCH, LH, RHS, and SO) whether DIAS or PASS, are subject to the definitions contained in § 1951.504 of this subpart, and payment application as outlined in § 1951.510 of this subpart.

(d) All MFH loan payments will be processed using Exhibit A of this subpart (available in any FmHA or its successor agency under Public Law 103-354 office).

[50 FR 8597, Mar. 4, 1985, as amended at 53 FR 16244, May 6, 1988; 56 FR 28038, June 19, 1991]

§ 1951.502 [Reserved]

§ 1951.503 Authorities and responsibilities.

District Directors are responsible for administering this subpart under the general guidance and supervision of the State Director. The District Office Management System will be fully used to accomplish this responsibility.

§ 1951.504 Definitions and statements of policy.

Advance regular payment. Regular payments made at election of the borrower to pay the account ahead of schedule. These payments may be either full or partial payments and will be applied to the amortized payment schedule by the Finance Office.

Amortization schedule. An amortization schedule is the projected application of periodic payments to principal and interest at the promissory note rate so the debt will be paid in full over the number of periods specified in the promissory note, assumption agreement (new terms), or reamortization agreement. Computation is based on a 30-day month and a 360-day year.

Amortized recoverable costs. Recoverable cost items may be amortized over a period up to 5 years. This function will allow the servicing official to voucher recoverable cost items such as taxes.

(1) *Payment of real estate taxes.* When a borrower's taxes are paid by voucher, the amortization period of the tax advance will be the number of months for which the taxes are being vouchered with a maximum of 5 years.

(2) *Costs other than real estate taxes.* Advances for costs other than real estate taxes will be amortized for 12 months unless, based on the borrower's repayment ability, a longer period is needed. An amortization period of more than 12 months will be used only when the cost is of a nonrecurring type. In no case, however, will the repayment period exceed 5 years.

(3) *Retroactive amortization of recoverable costs.* Recoverable costs which have been vouchered since May 1, 1985, may, with National Office approval, be retroactively amortized for applicable time periods as shown in paragraphs (c)(1) and (c)(2) of this section, if payments made since the costs were vouchered are sufficient to bring both the loan and cost accounts current. The following information should be forwarded to the National Office for approval of the reclassification to amortized status, and forwarded to the Finance Office for processing: An audit showing all costs vouchered along with payments made since the date of the cost item and to be made prior to the

reclassification; the estimated reapplication of the payments due to reclassification showing that the account will be current after the reclassification; and the proposed budget and management case files.

Audit receivables. Loan, grant or subsidy funds which were used by the borrower for unauthorized purposes; have been identified by the Office of Inspector General (OIG) in an audit; and, which FmHA or its successor agency under Public Law 103-354 is requiring the borrower to repay.

Conversion. The act of changing a borrower's account from DIAS to PASS.

Daily Interest Accrual System (DIAS). A system whereby interest is charged daily from the date a payment is received in the District Office to the next date a payment is received. A daily interest accrual factor is computed by multiplying the outstanding principal balance by the effective interest rate and dividing by 365 days. Computation is always based on a 365 day year. Interest on each payment is charged on the actual number of days that a principal balance is outstanding.

District Director. For the purpose of this subpart the term includes the Assistant District Director, and other qualified District staff who may be delegated responsibilities according to §1930.143 of subpart C of part 1930 of this chapter, and the provisions of subpart F of part 2006 of this chapter (available in any FmHA or its successor agency under Public Law 103-354 office). In the case of LH loans still being serviced in the County Office, this definition also includes qualified County Office staff. This definition further includes the Area Loan Specialists in Alaska, Island Directors in Hawaii, Directors of Western Pacific Territories, and other qualified staff members in Alaska, Hawaii, and Western Pacific Territories, respectively.

Extra payment. Extra payments are applied all to principal on the end of the loan and are funds derived from:

- (1) Sale of basic chattel or real estate security, including rental or lease of real estate security of a depreciating or depleting nature.
- (2) Refinancing of real estate debt.
- (3) Mineral royalties.

(4) Cash proceeds of real property insurance as provided in subpart A of part 1806 of this chapter (FmHA or its successor agency under Public Law 103-354 Instruction 426.1).

(5) Sale of real estate not mortgaged to the Government, pursuant to a condition of loan approval.

(6) Transactions of a similar nature which reduce the value of the security for the loan(s).

Non-recoverable costs. Payments charged to a loan program insurance fund by use of a fund code. These costs are only incurred after Government acquisition of title to the property, and are therefore charged to an inventory account.

Overage. This term refers to both "overage" and "surcharge" described in exhibit H to subpart C of part 1930 of this chapter.

Payment effective date. The payment effective date is the day of the month on which payments will be effectively applied to the account by the Finance Office for the month payment is due regardless of the payment reception date. On PASS all payments will be applied as of the first day of the month.

Payment reception date. The day of the month the payment is received in the District Office.

Predetermined Amortization Schedule System (PASS). System whereby FmHA or its successor agency under Public Law 103-354 will apply loan payments based on an amortization schedule.

Project late fee. The amount charged a borrower's project account for a delinquent payment according to §1951.510(c)(2) of this subpart, or when an uncollectible regular payment has been processed according to §1951.506(c) of this subpart.

Promissory note installment. The unrounded amortized installment shown on the promissory note, conversion agreement, assumption agreement or reamortization agreement, whichever is currently in effect.

Recoverable costs. Additional project costs such as vouchered insurance or taxes which FmHA or its successor agency under Public Law 103-354 requires a borrower to pay.

Refund payment. Payments from unused loan funds which are applied to

§ 1951.505

7 CFR Ch. XVIII (1–1–05 Edition)

principal on the end of the loan account.

Regular payment. All monthly payments scheduled according to PASS. Does not include extra payments, advance regular payments, refund payments or voluntary additional principal payments.

Subsidized installment. The promissory note installment reduced by the terms of Form FmHA or its successor agency under Public Law 103–354 1944–7, “Multiple Family Housing Interest Credit and Rental Assistance Agreement.” The subsidized installment is the unrounded amortized installment computed at the subsidized interest rate.

Subsidy credit. The difference between a borrower’s monthly promissory note installment and the monthly subsidized installment.

Voluntary additional principal payment. Payments applied all to principal which are made at the election of the borrower in addition to regularly scheduled payments and with FmHA or its successor agency under Public Law 103–354 approval. Such payments will not affect the schedule payment status or change the amount of the regular monthly payments. Funds for voluntary additional principal payments are derived from sources other than extra payment sources. Payments will be applied to current loans only.

[50 FR 8597, Mar. 4, 1985, as amended at 53 FR 2194, Jan. 26, 1988; 53 FR 16244, May 6, 1988; 55 FR 25078, June 20, 1990; 56 FR 66961, Dec. 27, 1991; 62 FR 25070, May 7, 1997]

§ 1951.505 [Reserved]

§ 1951.506 Processing payments.

(a) *Regular payments.* Regular payments and advance regular payments will be processed as follows:

(1) All payments will be based on tenants occupying the units as of the first day of the month prior to the payment due date. For example, a payment due on July 1 is based on tenants occupying the units June 1. For the purposes of this subpart, the word “tenant” also means RCH “member.”

(2) The borrower must deliver all Forms FmHA or its successor agency under Public Law 103–354 1944–8, “Tenant Certification,” or for tenants receiving Section 8 assistance, the ac-

ceptable Department of Housing and Urban Development (HUD) form to the District Director according to paragraph VII F 1 of exhibit B to subpart C to part 1930 of this chapter. The District Director will date stamp each certification and will verify the information on the tenant certification also as required in paragraph VII F of exhibit B to subpart C of part 1930 of this chapter. The data from the tenant certifications must be entered into the Multi-Family Housing Tenant File System (MTFS) which will calculate the tenant’s rent payment.

(i) If the calculations on the tenant certification do not agree with MTFS, the District Office will contact the borrower/management to resolve the discrepancy. MTFS calculations will be used to calculate interest credit and rental assistance due the borrower.

(ii) A copy of MTFS “Project Worksheet—Interest Credit and Rental Assistance,” an automated printout, will be generated and compared to the borrower’s Form FmHA or its successor agency under Public Law 103–354 1944–29, “Project Worksheet for Interest Credit and Rental Assistance.” Only tenants with current tenant certifications shown on MTFS will be certified for interest credit or rental assistance when processing payments.

(iii) A copy of the monthly MTFS project worksheet report will be filed with Form FmHA or its successor agency under Public Law 103–354 1944–29 to document the approved subsidies.

(iv) At the borrower’s request, a copy of the MTFS project worksheet report may be used as Parts I and II in lieu of Form FmHA or its successor agency under Public Law 103–354 1944–29. The District Office will provide a copy of the MTFS project worksheet report to the borrower about the 20th of the month. When using the MTFS project worksheet report as Parts I and II of Form FmHA or its successor agency under Public Law 103–354 1944–29, the borrower will verify the data, sign the MTFS project worksheet report, and return it with the monthly payment to the District Office. Borrowers using the MTFS project worksheet report as Part II, only, will complete, sign, and attach Part I of Form FmHA or its successor agency under Public Law 103–354 1944–29